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ARIZONA CORPORATION COMMISSION

September 22, 2014

RECEIVED  
AZ CORP COMMISSION  
DOCKET CONTROL

2014 SEP 22 PM 3 11

Mr. Jason Williamson, President  
Tonto Basin Company c/o JW Water Holdings, LLC  
7581 E. Academy Blvd. Suite 229  
Denver, CO 80230

ORIGINAL

RE: TONTO BASIN WATER COMPANY INC. – APPLICATION FOR A RATE  
INCREASE, DOCKET NO. W-03515A-14-0310

LETTER OF DEFICIENCY

Dear Mr. Williamson:

In reference to your rate application received on August 21, 2014, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff has found several deficiencies with your application, which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until October 3, 2014, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

The Staff person assigned to your application is Briton Baxter. He can be reached at (602) 542-7195, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "James Armstrong".

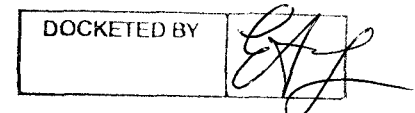
James Armstrong  
Chief, Financial & Regulatory Analysis Section  
Utilities Division

cc: Docket Control Center (sixteen copies)  
Lyn Farmer, Hearing Division  
Delbert Smith, Engineering  
Consumer Services  
Legal Division

Arizona Corporation Commission

DOCKETED

SEP 22 2014



Tonto Basin Water Company  
Docket No. W-03515A-14-0310  
Rate Application  
For the Test Year Ended June 30, 2014

List of Deficiencies

1. Depreciation Expense – The Company has not included a “Calculation of Depreciation Expense” for the Test Year, other than the pro forma adjustment on page 19b which does not fully support the test year depreciation expense amount. Please provide a schedule with this information including the depreciation rates by NARUC account number as approved in the last rate case.
2. Plant Invoices – The plant invoices provided by the Company, do not contain NARUC account number information nor identify the specific expenses being added to the “Pumping equipment” account for the test year. Please specifically identify the NARUC account number(s) for each invoice and the exact expenses that have been added to those accounts for all of the invoices included in the application.
3. Customer Notification – The Company did not provide a copy of the customer notification. Please provide a copy of the notice with a notarized cover letter stating the method and date of customer notification.

Treat the following as data request items. Please provide:

1. Electronic copies of all the work papers created/utilized to develop the application, including all of the schedules and supplemental schedules to include any updates or revisions throughout the rate case process.
2. Additional information/support for the allocation of the salaries and wages and any other expenses between, Navajo Water Co., Tonto Basin Co., and Payson Water Co., such as the allocation basis/calculations that support the allocation rates that were used to allocate salaries and wages.